

Does Availability Of Credit Advance Private Investment?

Naftaly Gisore Mose*

*Department of Economics. The Technical University of Kenya

Abstract

The level of private investment in Kenya, Rwanda and Burundi, as a percentage of Gross Domestic Product, has been fluctuating over time since independence. Several studies have been carried out on regard to the determinants of private investment at country level, but the findings are inconclusive. However, from the empirical literature review, these studies have failed to capture the effect of availability of credit on private investment in the three countries. It is against this limitation that this study was carried in 3 countries using panel estimation method over the period 2008-2017. The study adopts Modified Flexible Accelerator model so as to show the association between private investment and explanatory variables. The study results showed domestic credit to private sector had a positive significant effect on private investment. The three countries should provide incentives to the financial institutions so as to encourage them channel more credit to the private sector. Key words: KRB, Private Investment, Panel data, Private Credit

American Journal of Research Communication Vol 5(8) pp.26-46(2017)

See more at: http://www.usa-journals.com/wp-content/uploads/2017/08/Mose_Vol58.pdf